Thaba Chweu Local Municipality
Annual Financial Statements
for the year ended 30 June 2014
Auditor General of South Africa

## General Information

| | |
|---|---|
| **Mayoral committee** | |
| Executive Mayor | BM Ncongwane |
| Councillors | MT Mashego |
| | AK Mathaila |
| | JB Nkosi |
| | SA Manzini |
| | M Mahlangu |
| | N Janse Van Vuuren |
| | J Lekhuleni |
| | SE Molobela |
| | IT Mokoena |
| | Q Lawrence |
| | NM Masimola |
| | J Mkhize |
| | JM Kock |
| | F Essack |
| | VS Magagula |
| | RP Malatsi |
| | MC Masilela |
| | PP Chima |
| | S Mashigo |
| | NS Sambo |
| | M Phoku |
| | MM Mohlala |
| | PM Mashego |
| | AB Rabie |
| | JA Maolele |
| | JH Ligthelm |
| **Grading of local authority** | Low capacity |
| **Accounting Officer** | JM Mnisi |
| **Acting Chief Finance Officer** | G Mnisi |
| **Registered office** | Lydenburg<br>Mpumalanga<br>South Africa<br>1120 |
| **Business address** | Corner Viljoen & Sentraal Street<br>Lydenburg<br>Mpumalanga<br>1120 |
| **Postal address** | P.O Box 61<br>Lydenburg<br>1120 |
| **Bankers** | Standard Bank of South Africa |
| **Auditors** | Auditor General of South Africa |

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**Acronyms**

| | |
|---|---|
| COID | Compensation for Occupational Injuries and Diseases |
| IAS | International Accounting Standards |
| DBSA | Development Bank of South Africa |
| IPSAS | International Public Sector Accounting Standards |
| GRAP | Generally Recognised Accounting Practice |
| PPE | Property Plant and Equipment |
| DBSA | Develpment Bank of South Africa |
| INEP | Integrated National Electrification Program |
| FMG | Financial Management Grant |
| MSIG | Municipal Systems Improvement Grant |
| ME's | Municipal Entities |
| MEC | Member of the Executive Council |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant (Previously CMIP) |
| PAYE | Pay As You Earn |
| VAT | Value Added Tax |
| UIF | Unemployment Insurance Fund |

# Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality’s cash flow forecast for the  to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the government grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the national government has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 10.

The annual financial statements set out on pages 10 to 51, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2014 and were signed on its behalf by:

**JM Mnisi**
**Accounting Officer**

## Statement of Financial Position as at 30 June 2014

| Figures in Rand | Note(s) | 2014 | 2013 Restated* |
|---|---|---|---|
| **ASSETS** | | | |
| Current Assets | | | |
| Inventories | 7 | 3,800,685 | 3,512,942 |
| Receivables from Non-Exchange Transactions | 9 | 32,552,793 | 21,731,342 |
| VAT receivable | 10 | 9,580,079 | 2,915,245 |
| Receivables from Exchange Transactions | 11 | 68,764,588 | 79,637,025 |
| Cash and Cash Equivalents | 12 | 4,884,697 | 1,142,080 |
| | | **119,582,842** | **108,938,634** |
| Non-Current Assets | | | |
| Investment Property | 2 | 490,330,111 | 368,881,434 |
| Property, Plant and Equipment | 3 | 982,276,798 | 897,719,136 |
| Intangible Assets | 4 | - | 191,517 |
| Long Term Investments | 5 | 1,596,051 | 10,163,373 |
| | | **1,474,202,960** | **1,276,955,460** |
| **Total Assets** | | **1,593,785,802** | **1,385,894,094** |
| **LIABILITIES** | | | |
| Current Liabilities | | | |
| Payables from Exchange Transactions | 20 | 345,314,024 | 254,774,769 |
| Consumer Deposits | 21 | 4,309,157 | 3,889,659 |
| Employee Benefit Obligation | 6 | 25,855,745 | 21,333,959 |
| Unspent Conditional Grants and Receipts | 16 | 2,868,002 | 12,356,454 |
| Provisions | 18 | 16,189,956 | 11,503,676 |
| Current Portion of Borrowings | | - | 575,190 |
| Bank Overdraft | 12 | - | 167,729 |
| | | **394,536,884** | **304,601,436** |
| Non-Current Liabilities | | | |
| Long Term Loan | | - | 8,599,791 |
| **Total Liabilities** | | **394,536,884** | **313,201,227** |
| **Net Assets** | | **1,199,248,918** | **1,072,692,867** |
| Reserves | | | |
| Revaluation Reserve | 13 | 1,093,412,753 | 1,244,728,173 |
| Accumulated (Deficit) / Surplus | 14 | 105,836,165 | (172,035,306) |
| **Total Net Assets** | | **1,199,248,918** | **1,072,692,867** |

* See Note 41

## Statement of Financial Performance

| Figures in Rand | Note(s) | 2014 | 2013 Restated* |
|---|---|---|---|
| **REVENUE** | | | |
| **Revenue from exchange transactions** | | | |
| Service charges | 24 | 158,071,850 | 139,627,096 |
| Rental of facilities and equipment | | 2,208,802 | 489,546 |
| Income from agency services | | 26,491,672 | 19,380,439 |
| Other income | 26 | 7,582,159 | 4,822,882 |
| Interest received - investment | | 1,111,928 | 650,094 |
| **Total revenue from exchange transactions** | | **195,466,411** | **164,970,057** |
| **Revenue from non-exchange transactions** | | | |
| **Taxation revenue** | | | |
| Property rates | 23 | 34,081,703 | 30,293,463 |
| **Transfer revenue** | | | |
| Government grants & subsidies | | 133,602,558 | 103,472,869 |
| Fines | | 799,773 | 1,035,325 |
| **Total revenue from non-exchange transactions** | | **168,484,034** | **134,801,657** |
| **Total revenue** | 22 | **363,950,445** | **299,771,714** |
| **EXPENDITURE** | | | |
| Employee Related Costs | 28 | (109,417,840) | (98,564,150) |
| Remuneration of Councillors | 29 | (7,428,187) | (8,589,269) |
| Depreciation and Amortisation | 33 | (1,546,909) | (28,418,323) |
| Impairment loss/ Reversal of impairments | | (1,541,663) | (5,851,708) |
| Finance Costs | 34 | (23,681,158) | (12,099,094) |
| Debt impairment | 30 | (28,147,172) | - |
| Repairs and Maintenance | | (9,773,196) | (20,626,678) |
| Bulk Purchases | | (115,401,687) | (109,214,732) |
| Contracted Services | 37 | (47,825,516) | (77,538,870) |
| General Expenses | 27 | (60,821,429) | (73,916,396) |
| **Total Expenditure** | | **(405,584,757)** | **(434,819,220)** |
| **Operating deficit** | | **(41,634,312)** | **(135,047,506)** |
| Fair value adjustments | 32 | 147,470,477 | (36,987,800) |
| **Surplus (deficit) for the** | | **105,836,165** | **(172,035,306)** |

* See Note 41

## Statement of Changes in Net Assets

| Figures in Rand | Revaluation reserve | Accumulated (Deficit) / Surplus | Total net assets |
|---|---|---|---|
| Opening balance as previously reported | 1,269,233,253 | (9,183,728) | 1,260,049,525 |
| Adjustments | | | |
| Prior period errors | 7,740,890 | 9,183,728 | 16,924,618 |
| **Balance at 01 July 2012 as restated*** | **1,276,974,143** | **-** | **1,276,974,143** |
| Changes in net assets | | | |
| Surplus for the | - | (172,035,306) | (172,035,306) |
| Total changes | - | (172,035,306) | (172,035,306) |
| **Restated* Balance at 01 July 2013** | **1,244,728,173** | **-** | **1,244,728,173** |
| Changes in net assets | | | |
| Surplus for the | - | 105,836,165 | 105,836,165 |
| Total changes | - | 105,836,165 | 105,836,165 |
| **Balance at 30 June 2014** | **1,093,412,753** | **105,836,165** | **1,199,248,918** |

* See Note 41

## Cashflow Statement

| Figures in Rand | Note(s) | 2014 | 2013 Restated* |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **RECEIPTS** | | | |
| Sale of goods and services | | 153,766,192 | 164,641,772 |
| Grants | | 98,529,065 | 103,472,869 |
| Interest Income | | 1,111,928 | 650,094 |
| Other receipts | | 176,062,540 | 6,474,537 |
| Other cash item | | 41,795,754 | (16,435,442) |
| | | 471,265,479 | 258,803,830 |
| **PAYMENTS** | | | |
| Employee costs | | (87,279,161) | (114,147,867) |
| Suppliers | | (65,457,466) | (140,086,657) |
| Finance Costs | | (23,681,158) | (12,099,094) |
| Other payments | | 77,184,625 | - |
| Other cash item | | (15,166,732) | 487,135 |
| | | (114,399,892) | (265,846,483) |
| **Net cash flows from operating activities** | 38 | **45,231,040** | **22,683,868** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 3 | (235,431,065) | (15,269,232) |
| Purchase of other intangible assets | 4 | (141,745) | - |
| Proceeds from sale of financial assets | | 8,567,322 | (802,103) |
| Other cash item | | 194,859,776 | - |
| **Net cash flows from investing activities** | | **(32,145,712)** | **(16,071,335)** |
| **Cash flows from financing activities** | | | |
| Movement in other liability | | (9,174,981) | 1,273,480 |
| **Net increase/(decrease) in cash and cash equivalents** | | **3,910,347** | **7,886,013** |
| Cash and cash equivalents at the beginning of the year | | 974,351 | (6,911,661) |
| **Cash and cash equivalents at the end of the year** | 12 | **4,884,698** | **974,352** |

* See Note 41

# Accounting Policies

### 1. Basis of accounting

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the Historical Cost Convention unless specified otherwise. These Annual Financial Statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

### 1.1 Consolidation

### 1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

**Allowance for slow moving, damaged and obsolete stock**

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

**Impairment testing**

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

**Effective interest rate**

The municipality used the prime interest rate to discount future cash flows.

### 1.3 Property, Plant and Equipment

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's given up.

# Accounting Policies

### 1.3 Property, Plant and Equipment (continued)

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**Subsequent Measurement - Cost Model**
Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.
Land is not depreciated as it is deemed to have an indefinite useful life.
Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the newcomponent. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**Depreciation**
Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Average useful life |
|---|---|
| Land | Indefinite |
| Buildings | 30 years |
| Furniture and fixtures | 7-10 years |
| Motor vehicles | 5 years |
| Office equipment | 5 years |
| IT equipment | 3 years |
| Infrastructure | 5-50 years |
| Community | 10-30 years |

### 1.4 Intangible Assets

- An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software,
  licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only
  when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow
  to the municipality and the cost or fair value of the asset can be measured reliably.

- • the municipality intends to complete the intangible asset for use or sale;
  • it is technically feasible to complete the intangible asset;
  • the municipality has the resources to complete the project; and
  • it is probable that the municipality will receive future economic benefits or service poten

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's given up.
**Subsequent Measurement - Cost Model**
Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment
test.

### 1.4 Intangible Assets (continued)

**Amortisation and Impairment**
Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**Derecognition**
Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Performance.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Useful life |
|---|---|
| Computer software | 3 years |

### 1.5 Financial instruments

Financial instruments are initially recognised at fair value. .

**Initial recognition and measurement**

**Subsequent Measuremen**
Credit Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the of an approved GRAP104 Standard on Financial Instruments

**Investment**
Derecognition Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the ‘underlying’).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

# Accounting Policies

### 1.5 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

# Accounting Policies

### 1.5 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

**Initial recognition**

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

**Initial measurement of financial assets and financial liabilities**

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

**Subsequent measurement of financial assets and financial liabilities**

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

### 1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

# Accounting Policies

### 1.6 Leases (continued)

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

**Finance leases - lessor**

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

**Finance leases - lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

**Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue from exchange transactions in statement of financial performance.

**Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.7 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

# Accounting Policies

### 1.7 Impairment of non-cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
(a) the period of time over which an asset is expected to be used by the municipality; or
(b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:
[Specify criteria]

**Identification**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

**Value in use**

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

**Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# Accounting Policies

### 1.7 Impairment of non-cash-generating assets (continued)

**Reversal of an impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.8 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

# Accounting Policies

**1.8 Employee benefits (continued)**

**Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

**Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

# Accounting Policies

### 1.8 Employee benefits (continued)

**Actuarial assumptions**

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

### 1.9 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

**Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# Accounting Policies

### 1.9 Revenue from exchange transactions (continued)

**Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

**Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.10 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

# Accounting Policies

**1.10 Revenue from non-exchange transactions (continued)**

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

**1.11 Investment income**

Investment income is recognised on a time-proportion basis using the effective interest method.

**1.12 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number and 1.7. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Extended periods is periods that exceeds X months.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

# Accounting Policies

**1.12 Borrowing costs (continued)**

All other borrowing costs are recognised as an expense in the period in which they are incurred.

**1.13 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current .

**1.14 Unauthorised expenditure**

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

**1.15 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

**1.16 Irregular expenditure**

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

# Accounting Policies

### 1.16 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.17 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### 1.18 Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

### 1.19 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.20 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

| Figures in Rand | 2014 | 2013 |
|---|---|---|

### 2. Investment Property

| | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|
| | **Investment Property at Fair Value** | | **Carrying value** | **Investment Property at Fair Value** | | **Carrying value** |
| Investment property | 490,330,111 | - | 490,330,111 | 368,881,434 | - | 368,881,434 |

**Reconciliation of investment property - 2014**

| | **Opening balance** | **Fair value adjustments** | **Total** |
|---|---|---|---|
| Investment property | 368,881,434 | 121,448,677 | 490,330,111 |

**Reconciliation of investment property - 2013**

| | **Opening balance** | **Total** |
|---|---|---|
| Investment property | 368,881,434 | 368,881,434 |

### 3. Property, Plant and Equipment

| | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|
| | **Cost / Valuation** | **Accumulated depreciation and accumulated impairment** | **Carrying value** | **Cost / Valuation** | **Accumulated depreciation and accumulated impairment** | **Carrying value** |
| Land | 6,595,440 | - | 6,595,440 | 6,595,440 | - | 6,595,440 |
| Buildings | 15,498,032 | - | 15,498,032 | 15,498,032 | - | 15,498,032 |
| Plant and machinery | 1,355,861 | (366,372) | 989,489 | 1,355,861 | (80,224) | 1,275,637 |
| Furniture and fixtures | 5,016,241 | 368,513 | 5,384,754 | 4,813,844 | (133,210) | 4,680,634 |
| Motor vehicles | 5,162,615 | (1,365,420) | 3,797,195 | 5,022,852 | (1,365,420) | 3,657,432 |
| Office equipment | 1,776,326 | 345,542 | 2,121,868 | 1,767,278 | (156,180) | 1,611,098 |
| IT equipment | 3,371,639 | (506,400) | 2,865,239 | 2,645,491 | (637,544) | 2,007,947 |
| Infrastructure | 826,029,423 | - | 826,029,423 | 748,337,203 | - | 748,337,203 |
| Community | 117,148,552 | - | 117,148,552 | 112,207,473 | - | 112,207,473 |
| Other property, plant and equipment | 304,430 | - | 304,430 | 304,430 | - | 304,430 |
| Heritage | 1,542,376 | - | 1,542,376 | 1,543,810 | - | 1,543,810 |
| **Total** | **983,800,935** | **(1,524,137)** | **982,276,798** | **900,091,714** | **(2,372,578)** | **897,719,136** |

| Figures in Rand | 2014 | 2013 |
|---|---|---|

**Reconciliation of property, plant and equipment - 2014**

| | Opening balance | Additions | Transfers | Other changes, movements | Depreciation | Total |
|---|---|---|---|---|---|---|
| Opening balance - Owned | 20,908,840 | - | - | - | - | 20,908,840 |
| Buildings | 15,498,032 | - | - | - | - | 15,498,032 |
| Plant and machinery | 1,275,637 | 286 | - | - | (286,434) | 989,489 |
| Furniture and fixtures | 4,680,634 | 704,120 | - | - | - | 5,384,754 |
| Motor vehicles | 3,657,432 | 1,505,183 | - | - | (1,365,420) | 3,797,195 |
| Office equipment | 1,611,098 | 856,312 | - | - | (345,542) | 2,121,868 |
| IT equipment | 2,007,947 | 1,235,152 | - | - | (377,860) | 2,865,239 |
| Infrastructure | 975,090,233 | 228,582,608 | (1,829,578) | - | (375,813,840) | 826,029,423 |
| Community | 112,207,473 | 2,547,404 | 6,553,823 | - | (4,160,148) | 117,148,552 |
| Other property, plant and equipment | 304,430 | - | - | - | - | 304,430 |
| Heritage | 1,543,810 | - | - | - | (1,434) | 1,542,376 |
| | **1,138,785,566** | **235,431,065** | **4,724,245** | **-** | **(382,350,678)** | **996,590,198** |

**Reconciliation of property, plant and equipment - 2013**

| | Opening balance | Additions | Transfers | Other changes, movements | Depreciation | Total |
|---|---|---|---|---|---|---|
| Land and Buildings | 6,595,440 | - | - | - | - | 6,595,440 |
| Buildings | 20,908,840 | - | - | (5,410,808) | - | 15,498,032 |
| Plant and machinery | 1,161,188 | 194,673 | - | - | (80,224) | 1,275,637 |
| Furniture and fixtures | 364,246 | 4,449,598 | - | - | (133,210) | 4,680,634 |
| Motor vehicles | 4,501,546 | 521,306 | - | - | (1,365,420) | 3,657,432 |
| Office equipment | 494,070 | 1,273,208 | - | - | (156,180) | 1,611,098 |
| IT equipment | 807,449 | 1,838,042 | - | - | (637,544) | 2,007,947 |
| Infrastructure | 975,090,233 | - | 1,829,578 | (228,582,608) | - | 748,337,203 |
| Community | 106,692,035 | - | 6,553,823 | - | (1,038,385) | 112,207,473 |
| Other property, plant and equipment | 198,930 | 105,500 | - | - | - | 304,430 |
| Heritage | 2,568,508 | (1,024,698) | - | - | - | 1,543,810 |
| | **1,119,382,485** | **7,357,629** | **8,383,401** | **(233,993,416)** | **(3,410,963)** | **897,719,136** |

### 4. Intangible Assets

| | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Patents, trademarks and other rights | - | - | - | - | 191,517 | 191,517 |

| Figures in Rand | 2014 | 2013 |
|---|---|---|

**Reconciliation of intangible assets - 2014**

| | Opening balance | Additions | Amortisation | Impairment loss | Total |
|---|---|---|---|---|---|
| Patents, trademarks and other rights | 191,517 | - | - | (191,517) | - |
| Computer software | - | 141,745 | (141,745) | - | - |
| | **191,517** | **141,745** | **(141,745)** | **(191,517)** | **-** |

| Figures in Rand | 2014 | 2013 |
|---|---|---|

### 5. Long Term Investments

| | | |
|---|---|---|
| **Designated at fair value** | | |
| Long Term Deposits | 7,668 | 8,917,688 |
| Listed investments | 1,588,363 | 1,245,897 |
| Listed investments are disclosed at current market value of shares at reporting date. The municipality's risk is that the share price of listed investments might drop significantly during the period under review and result in a substantial loss of the investment. The share price risk is managed by only investing in reputable listed entities with a good track record. | | |
| | **1,596,031** | **10,163,585** |

### 6. Employee Benefit Obligations

**Defined benefit plan**

The defined benefit plan, to which -% (2013: -%) belong, consists of the (specify Pension Fund) governed by the Pension Fund Act of 1956.

The actuarial valuation determined that the retirement plan was in a sound financial position, however that it was recommended that the contribution should be increased by -% for - months. This recommendation is presently being implemented.

The plan is a final salary pension / flat plan or a post employment medical benefit plan.

**The major categories of plan assets as a percentage of total plan assets are as follows:**

**Changes in the fair value of plan assets are as follows:**

The municipality expects to contribute R - to its defined benefit plans in the following financial .

**Key assumptions used**

Assumptions used at the reporting date:

The basis used to determine the overall expected rate of return on assets is as follow: [provide details]

The effect of the major categories of plan assets is as follow: [state effect]

Salaries - Changes in an index or other variable specified in the formal or constructive terms of a plan as the basis for future benefit increases: [provide details]

The basis on which the discount rate has been determined is as follow: [state basis]

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

**Actual returns**

| Figures in Rand | 2014 | 2013 |
|---|---|---|

**Defined contribution plan**

It is the policy of the municipality to provide retirement benefits to all its employees [or specify number of employees covered]. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). The municipality accounted for this (these) plan(s) as a defined contribution plan(s):

### 7. Inventories

| | | |
|---|---|---|
| Consumable stores | 3,792,805 | 3,488,057 |
| Water | 7,880 | 24,885 |
| | **3,800,685** | **3,512,942** |

### 8. Other Receivables from Exchange Transactions

### 9. Receivables from Non-Exchange Transactions

| | | |
|---|---|---|
| Rates and other taxes | 32,552,793 | 21,731,342 |

### 10. Vat Receivable

| | | |
|---|---|---|
| VAT | 9,580,079 | 2,915,245 |

### 11. Receivables from Exchange Transactions

| | | |
|---|---|---|
| **Gross balances** | | |
| Electricity | 31,230,052 | 25,976,856 |
| Water | 27,055,062 | 19,070,688 |
| Sewerage | 10,119,978 | 6,840,843 |
| Refuse | 12,468,702 | 8,661,985 |
| Other | 58,385,201 | 61,433,888 |
| | **139,258,995** | **121,984,260** |
| **Less: Allowance for impairment** | | |
| Electricity | (21,739,658) | (12,430,329) |
| Water | (25,681,059) | (19,882,918) |
| Sewerage | (16,374,561) | (6,456,384) |
| Refuse | (6,699,129) | (3,577,604) |
| | **(70,494,407)** | **(42,347,235)** |
| **Net balance** | | |
| Electricity | 9,490,394 | 13,546,527 |
| Water | 1,374,003 | (812,230) |
| Sewerage | (6,254,583) | 384,459 |
| Refuse | 5,769,573 | 5,084,381 |
| Other | 58,385,201 | 61,433,888 |
| | **68,764,588** | **79,637,025** |

| Figures in Rand | 2014 | 2013 |
|---|---|---|

### 12. Cash and Cash Equivalents

Cash and cash equivalents consist of:

| | | |
|---|---|---|
| Bank balances | 423,987 | - |
| Short-term deposits | 4,460,710 | 1,142,080 |
| Bank overdraft | - | (167,729) |
| | **4,884,697** | **974,351** |

| | | |
|---|---|---|
| Current assets | 4,884,697 | 1,142,080 |
| Current liabilities | - | (167,729) |
| | **4,884,697** | **974,351** |

**The municipality had the following bank accounts**

| Account number / description | Bank statement balances | | | Cash book balances | | |
|---|---|---|---|---|---|---|
| | 30 June 2014 | 30 June 2013 | 30 June 2012 | 30 June 2014 | 30 June 2013 | 30 June 2012 |
| ABSA Lydenburg (10-1000-0218 | 423,987 | (167,729) | 851,377 | 423,987 | 857,472 | 851,377 |
| ABSA Sabie (40-5826-4705) | 128,471 | 10,329 | 21,398 | 128,471 | 10,329 | 21,398 |
| FNB (62028324016) | - | - | 74,128 | - | - | 74,128 |
| Standard Bank-Primary Bank Account (24-320-336-5) | 1,240,715 | 392,668 | (2,872,039) | 1,185,977 | 392,668 | (2,872,039) |
| Standard Bank -Traffic | 1,528,341 | 739,084 | - | 1,528,341 | 739,084 | - |
| Standard Bank - Call Account Post Office Garuantee - 488610621 | 52,007 | - | - | - | - | - |
| Standard Bank - MIG Call Accounts - 488610621 | 1,279,045 | - | - | - | - | - |
| Standard Bank - MWIG Call Account - 488610621 | 286,869 | - | - | - | - | - |
| **Total** | **4,939,435** | **974,352** | **(1,925,136)** | **3,266,776** | **1,999,553** | **(1,925,136)** |

### 13. Revaluation Reserve

| | | |
|---|---|---|
| Opening balance | - | 1,001,893,687 |
| Change during the year | (7,740,890) | 242,834,486 |
| | **1,001,893,687** | **-** |

### 14. Accumulated surplus

### 15. Finance lease obligation

It is municipality policy to lease certain [property]motor vehicles and equipment under finance leases.

The average lease term was x-y years and the average effective borrowing rate was -% (2013: -%).

Interest rates are at the contract date. All leases and .

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note .

| Figures in Rand | 2014 | 2013 |
|---|---|---|

**16. Unspent Conditional Grants and Receipts**

**Unspent conditional grants and receipts comprises of:**

**Total Unspent Conditional Grants and Receipts**

| | | |
|---|---|---|
| | - | - |
| FMG | - | - |
| Balance Unspent at the beginning of the year | - | - |
| Current year receipts | 1,550,000 | (1,500,000) |
| Conditions met transferred to revenue | (1,550,000) | 1,500,000 |
| Conditions still to be met - remain liabilities | - | - |
| | - | - |
| | - | - |
| MSIG | - | - |
| Balance Unspent at the beginning of the year | - | - |
| Current year receipts | 890,000 | 800,000 |
| Conditions met transferred to revenue | (890,000) | (800,000) |
| Conditions still to be met - remain liabilities | - | - |
| | - | - |
| | - | - |
| EPWP | - | - |
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 1,000,000 | (1,000,000) |
| Conditions met transferred to revenue | (1,000,000) | 1,000,000 |
| Conditions still to be met - remain liabilities | - | - |
| | - | - |
| | - | - |
| MIG | - | - |
| Balance Unspent at the beginning of the year | 4,932,849 | - |
| Current year receipts | 39,049,000 | 32,877,000 |
| Conditions met transferred to revenue | (43,981,849) | (27,444,152) |
| Conditions still to be met - remain liabilities | - | 4,932,848 |
| | - | - |
| | - | - |
| INEP | - | - |
| Balance unspent at the beginning of the year | 4,625,606 | - |
| Current year receipts | 1,900,000 | 5,700,000 |
| Conditions met transferred to renenue | (6,525,606) | (1,074,394) |
| Conditions still to be met - remain liabilities | - | 4,625,606 |
| | - | - |
| | - | - |
| WSOG | - | - |
| Balance unspent at the beginning of the year | 2,798,000 | - |
| Current year receipts | 3,000,000 | 5,300,000 |
| Conditions met transferred to revenue | (5,798,000) | (2,502,000) |
| Conditions still to be met - remain liabilities | - | 2,798,000 |
| | - | - |
| | - | - |
| MWIG | - | - |
| Balance unspent at the beginning of the year | - | - |
| Current year receipts | 14,341,000 | - |
| Conditions me transferred to revenue | (11,472,999) | - |
| Conditions still to be met - remain liabilities | 2,868,001 | - |
| | - | - |
| | - | - |
| | **2,868,002** | **12,356,454** |

| Figures in Rand | 2014 | 2013 |
|---|---|---|

**Government Grants and Subsidies**

| | | |
|---|---|---|
| Additions during the year | 24,471,016 | 12,356,454 |
| | **2,868,002** | **12,356,454** |

| | | |
|---|---|---|
| Government Grants and Subsidies Received | 2,014 | 2,013 |
| Equitable shares | 74,531,000 | 72,184,000 |
| MIG Grant | 39,049,000 | 32,377,000 |
| National: EPWP, FMG, DWF, INEP Grant | 22,681,000 | 14,300,000 |
| **Total Government Grant and Subsidies Received** | **136,263,014** | **118,863,013** |

### 17. OTHER FINANCIAL LIABILITIES

### 18. Provisions

**Reconciliation of provisions - 2014**

| | Opening Balance | Additions | Reduction due to re-measurement or settlement without cost to entity | Total |
|---|---|---|---|---|
| Provision for rehabilitation of landfill sites | 687,750 | 3,356,725 | - | 4,044,475 |
| Provision for leave | 13,228,330 | - | (1,082,849) | 12,145,481 |
| Defined obligations | (2,412,404) | - | 2,412,404 | - |
| | **11,503,676** | **3,356,725** | **1,329,555** | **16,189,956** |

**Reconciliation of provisions - 2013**

| | Opening Balance | Total |
|---|---|---|
| Provision for rehabilitation of landfill sites | 687,750 | 687,750 |
| Provision for leave | 13,228,330 | 13,228,330 |
| Defined obligations | (2,412,404) | (2,412,404) |
| | **11,503,676** | **11,503,676** |

### 19. Distributions payable

**Carrying amount of dividends or similar distributions payable**

### 20. Payables from Exchange Transactions

| | | |
|---|---|---|
| Trade payables | 319,871,621 | 241,396,872 |
| Other payables | 25,442,403 | 13,377,897 |
| | **345,314,024** | **254,774,769** |

### 21. Consumer Deposits

| | | |
|---|---|---|
| Electricity and water | 4,309,157 | 3,889,659 |

Deposits generate no interest as per council resolution.

| Figures in Rand | 2014 | 2013 |
|---|---|---|

### 22. Revenue

| | | |
|---|---|---|
| Service charges | 158,071,850 | 139,627,096 |
| Rental of facilities and equipment | 2,208,802 | 489,546 |
| Income from agency services | 26,491,672 | 19,380,439 |
| Other income | 7,582,159 | 4,822,882 |
| Interest received - investment | 1,111,928 | 650,094 |
| Property rates | 34,081,703 | 30,293,463 |
| Government grants & subsidies | 133,602,558 | 103,472,869 |
| Fines | 799,773 | 1,035,325 |
| | **363,950,445** | **299,771,714** |

**The amount included in revenue arising from exchanges of goods or services are as follows:**

| | | |
|---|---|---|
| Service charges | 158,071,850 | 139,627,096 |
| Rental of facilities and equipment | 2,208,802 | 489,546 |
| Income from agency services | 26,491,672 | 19,380,439 |
| Other income | 7,582,159 | 4,822,882 |
| Interest received - investment | 1,111,928 | 650,094 |
| | **195,466,411** | **164,970,057** |

**The amount included in revenue arising from non-exchange transactions is as follows:**

| | | |
|---|---|---|
| **Taxation revenue** | | |
| Property rates | 34,081,703 | 30,293,463 |
| **Transfer revenue** | | |
| Government grants & subsidies | 133,602,558 | 103,472,869 |
| Fines | 799,773 | 1,035,325 |
| | **168,484,034** | **134,801,657** |

### 23. Property Rates

**Rates received**

| | | |
|---|---|---|
| Residential | 10,160 | - |
| State | 1,528,669 | 1,419,082 |
| Educational | 913,636 | 862,258 |
| Institutional | 1,109,617 | 1,078,681 |
| Industrial | 11,117,472 | 10,348,634 |
| Less: Income forgone | 19,402,149 | 16,584,808 |
| | **34,081,703** | **30,293,463** |

### 24. Service Charges

| | | |
|---|---|---|
| Sale of electricity | 109,478,396 | 101,553,516 |
| Sale of water | 28,012,611 | 21,855,495 |
| Sewerage and sanitation charges | 9,679,414 | 7,956,683 |
| Refuse removal | 10,901,429 | 8,261,402 |
| | **158,071,850** | **139,627,096** |

| Figures in Rand | 2014 | 2013 |
|---|---|---|
| **25. Government Grants and Subsidies** | | |
| **Operating grants** | | |
| Equitable share | 74,531,000 | 72,184,000 |
| LG Seta Grant | 362,860 | 430,048 |
| Municipal Information Systems Grant | - | 819,000 |
| EPWP Grant | 846,699 | 1,000,000 |
| Financial Management Grant | 1,550,000 | 1,571,000 |
| Municipal Systems Improvement Grant | 890,000 | - |
| | 78,180,559 | 76,004,048 |
| **Capital grants** | | |
| Municipal Infrastucture Grant | 39,049,000 | 23,894,427 |
| INEP Grant | 13,372,999 | 1,074,394 |
| DWAF Grant | 3,000,000 | 2,500,000 |
| | 55,421,999 | 27,468,821 |
| **Total Amount Received** | **133,602,558** | **103,472,869** |
| **26. Other Income** | | |
| Building plan fees | 577,155 | 293,661 |
| Bulk service contribution | 124,010 | 530,859 |
| Connection Fees | 159,789 | 184,561 |
| Sundry income | 6,721,205 | 3,813,801 |
| | **7,582,159** | **4,822,882** |

| Figures in Rand | 2014 | 2013 |
|---|---|---|

### 27. General Expenses

| | | |
|---|---|---|
| Advertising | - | 880 |
| Auditors fees | 3,236,783 | 4,387,508 |
| Bank charges | 788,557 | 881,228 |
| Cleaning | 30,295 | 1,789,813 |
| Legal costs | 3,918,445 | 1,432,196 |
| Consumables | 537,173 | 799,610 |
| Digging of graves | 8,700 | 29,750 |
| Hire | 1,909,241 | 2,077,627 |
| Insurance | 2,193 | - |
| Conferences and seminars | 111,133 | 1,543,182 |
| Magazines, books and periodicals | - | 19,203 |
| Motor vehicle expenses | 11,662,601 | 5,313,346 |
| Public participation and ward committees | 42,450 | - |
| Placement fees | 25,435 | 689 |
| Postage and courier | 93,648 | 52,499 |
| Printing and stationery | 1,581,578 | 11,016,716 |
| Protective clothing | 110,035 | 318,771 |
| Staff welfare | 1,440 | 40,120 |
| Subscriptions and membership fees | 83,166 | 67,009 |
| Telephone and fax | 1,088,859 | 1,063,112 |
| Training | 1,203,003 | 1,475,283 |
| Travel and Accomodation | 942,558 | 2,213,033 |
| Electricity | 5,524,974 | 1,826,450 |
| Sewerage and waste disposal | 17,851 | 16,387 |
| Water | 1,122,636 | 752,851 |
| Refuse | 459,743 | 206,652 |
| Uniforms | 17,205 | 198,399 |
| Debit orders | 3,070,475 | 191 |
| Stock losses | 1,641,256 | - |
| Licence fees | 1,541,310 | 406,803 |
| Sundry Expenses | 17,005 | (24,885) |
| Valuation costs | - | 124,757 |
| Calebration machines | 33,015 | - |
| Integration of Thaba Chweu | 839,519 | 410,500 |
| Other expenses | 19,159,147 | 35,476,716 |
| | **60,821,429** | **73,916,396** |

| Figures in Rand | 2014 | 2013 |
|---|---|---|

### 28. Employee Related Costs

| | | |
|---|---|---|
| Salaries | 66,301,886 | 60,600,506 |
| Bonus | 4,673,809 | 4,194,301 |
| Medical aid - company contributions | 17,287,813 | 15,037,334 |
| UIF | 539,867 | 531,716 |
| SDL | 1,241,448 | 761,030 |
| Other payroll levies | 30,042 | 28,908 |
| Leave pay provision charge | 417,377 | 1,643,434 |
| Defined contribution plans | - | 65,225 |
| Travel, motor car, accommodation, subsistence and other allowances | 4,179 | 1,266 |
| Overtime payments | 5,022,083 | 5,844,600 |
| Long-service awards | 3,386,324 | - |
| Transport allowance | 21,070 | 6,573 |
| Car allowance | 8,606,489 | 8,078,124 |
| Housing benefits and allowances | 278,196 | 364,421 |
| Insurance Group Life | 210,915 | 194,934 |
| Cellphone Allowance | 1,396,342 | 1,211,778 |
| | **109,417,840** | **98,564,150** |

**Remuneration of Municipal Manager**

| | | |
|---|---|---|
| Annual Remuneration | - | 743,931 |
| Performance Bonuses | - | 191,189 |
| Contributions to UIF, Medical and Pension Funds | - | 57,292 |
| | **-** | **992,412** |

**Remuneration of Chief Finance Officer**

| | | |
|---|---|---|
| Date commenced: November 2013 | | |
| Annual Remuneration | 187,500 | 300,000 |
| Acting Allowance | 175,000 | - |
| Travel Allowance | 44,521 | - |
| Contributions to UIF, Medical and Pension Funds | 21,279 | 1,497 |
| | **428,300** | **301,497** |

**Remuneration of Director: Corporate Services**

| | | |
|---|---|---|
| Annual Remuneration | 794,919 | 334,580 |
| Allowances (Acting and travelling) | 43,690 | 109,157 |
| Performance Bonuses | - | 182,816 |
| Contributions to UIF, Medical and Pension Funds | 307,431 | 57,030 |
| | **1,146,040** | **683,583** |

**Remuneration of Director: Technical Services**

| | | |
|---|---|---|
| Date commenced: March 2014 | | |
| Annual Remuneration | 137,660 | 641,680 |
| Allowances (Acting, cell phone and travel) | 194,893 | 118,785 |
| Contributions to UIF, Medical and Pension Funds | 112,411 | 68,819 |
| Other | - | 16,541 |
| | **444,964** | **845,825** |

**Remuneration of Director: Community Services**

| Figures in Rand | 2014 | 2013 |
|---|---|---|
| Annual Remuneration | 102,222 | 334,580 |
| Car Allowance | - | 105,772 |
| Performance Bonuses | - | 199,100 |
| Contributions to UIF, Medical and Pension Funds | 13,324 | 45,194 |
| Acting Allowance | 175,000 | - |
| Travel allowance | 33,674 | - |
| Cellphone Allowance | 6,964 | - |
| | **331,184** | **684,646** |

**Post-retirement medical benefits**

| | | |
|---|---|---|
| **The amounts recognised in the Statement of Financial Position were determined as follows:** | | |
| Present value of funded obligation | 25,855,745 | 21,333,959 |
| Fair value of plan assets | - | - |
| Liability in the Statement of Financial Position | 25,855,745 | 21,333,959 |
| **Movements in the defined benefit obligation is as follows:** | | |
| Balance at beginning of the year | 21,333,959 | 19,470,075 |
| Current service and internet cost | 2,339,180 | 2,084,116 |
| Benefit payments | 1,140,927 | 964,198 |
| Actuarial (gains)/ losses | 3,323,533 | 743,966 |
| Missalenious | - | - |
| Balance at end of year | 25,855,745 | 21,333,959 |
| The amounts recognised in the Statement of Financial Performance were as follows: | - | - |
| Statement of Financial Position obligation for: | - | - |
| Long service award | 25,855,745 | 21,333,959 |
| | 25,855,745 | 21,333,959 |
| Statement of Financial Performance obligation for: | - | - |
| Post-employment medical benefits loss | | |
| Long service award loss | 3323533 | 743966 |
| | 3,323,533 | 743,966 |
| Additional retirement costs | - | - |
| | 3,323,533 | 743,966 |
| Post Medical Aid Benefit | - | - |
| Independent valuers, One Pangaea Financial, carried out a statutory valuation on an annual basis | - | - |
| The principal actuarial assumptions used were as follows: | - | - |
| Discount rate per annum | 8.98 | 8.92 |
| General inflation | 6.56 | 6.11 |
| Health Care inflation Rate | 8.06 | 7.61 |
| Net Discount Rate | 1 | 1 |
| Examples of mortality rates used were as follows: | - | - |
| Average retirement age | 63 | 63 |
| Mortality during employment | 90 | 90 |
| Members withdran from services: (Average for males and females) | - | - |
| Age 20-24 | 16 | 24 |
| Age 25-29 | 12 | 18 |
| Age 30-34 | 10 | 15 |
| Age 35-34 | 8 | 10 |
| Age 40-44 | 6 | 6 |
| Age 45-49 | 4 | 4 |
| Age 50-54 | 2 | 2 |
| Age 55+ | - | - |
| | **167,387,159** | **132,164,304** |

| Figures in Rand | 2014 | 2013 |
|---|---|---|
| **Long-service leave awards** | | |
| **The amounts recognised in the Statement of Financial Position are determined as follows:** | | |
| Present value of funded obligation | 5,841,000 | 6,976,542 |
| Fair value of plan assets | - | - |
| Liability in the Statement of Financial Position | 5,841,000 | 6,976,642 |
| **Movements in the defined benefit obligation is as follows:** | | |
| Balance at the beginning of the year | 4,994,000 | 5,613,858 |
| Current service | 860,000 | 1,401,377 |
| Benefit payments | 745,000 | 387,986 |
| Actuarial (gains)/ losses | 732,000 | 349,393 |
| Actuarial (gain)/loss | - | 349,000 |
| Balance at end of the year | 5,841,000 | 6,976,000 |
| Statement of Financial Position obligation for | - | - |
| Post-employment medical benefit | - | - |
| Long services award | 5,851,000 | 6,976,642 |
| Statement of Financial Performance obligation for: | - | - |
| Post-employment medical benefit loss | - | - |
| Long service award loss | 732,000 | 349,393 |
| | 732,000 | 349,393 |
| Additional retirement costs: | - | - |
| | 732,000 | 349,393 |
| Long Service Awards | - | - |
| Independent valuers, One Pangaea Financial, carried out a statutory valuation on the annual basis | - | - |
| The principal actuarial assumptions used were as follows: | - | - |
| Discount rate per annuam | 9 | 9 |
| General inflation | 7 | 6 |
| Health Care Inflation Rate | 8 | 7 |
| Net discount rate | 1 | 2 |
| **Examples of mortality rates used were as follows:** | | |
| Average retirement age | 63 | 63 |
| Mortality during employment | SA85-90 | SA85-90 |
| Members withdrawn from services: (Average for males and females) | | |
| Age 20-24 | 16 | 16 |
| Age 25-29 | 7 | 7 |
| Age 30-34 | 5 | 5 |
| Age 35-34 | 4 | 4 |
| Age 40-44 | 3 | 3 |
| Age 45-49 | 2 | 2 |
| Age 50-54 | 1 | 1 |
| Age 55+ | - | - |
| | **32,909,716** | **37,064,334** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|---|---|---|
| **29. Remuneration of Councillors** | | |
| Councillors | 7,428,187 | 8,589,269 |
| **30. Debt impairment** | | |
| Contributions to debt impairment provision | 28,147,172 | - |
| **31. Investment Revenue** | | |
| **Interest revenue** | | |
| Bank | 1,111,928 | 650,094 |
| **32. FAIR VALUE ADJUSTMENTS** | | |
| Investment property (Fair value model) | 147,470,477 | (36,987,800) |
| **33. Depreciation and Amortisation** | | |
| Property, Plant and Equipment | 1,497,296 | 28,393,410 |
| Intangible assets | 49,613 | 24,913 |
| | **1,546,909** | **28,418,323** |
| **34. Finance Costs** | | |
| Interest paid | 23,681,158 | 12,099,094 |
| **35. Auditors' Remuneration** | | |
| Audit fees | 3,236,783 | 4,387,508 |
| **36. Rental of facilities and equipment** | | |
| **Premises** | | |
| Premises | 2,207,491 | 480,998 |
| Venue hire | 1,311 | 8,548 |
| | **2,208,802** | **489,546** |
| **37. Contracted Services** | | |
| Information Technology Services | 10,567,863 | 23,034,454 |
| Security Services | 13,117,892 | 25,384,971 |
| Other Contractors | 24,139,761 | 29,119,445 |
| | **47,825,516** | **77,538,870** |

| Figures in Rand | 2014 | 2013 |
|---|---|---|
| **38. Cash generated from operations** | | |
| Surplus (deficit) | 105,836,165 | (172,035,306) |
| **Adjustments for:** | | |
| Depreciation and amortisation | 1,546,909 | 28,418,323 |
| Fair value adjustments | (147,470,477) | 36,987,800 |
| Impairment deficit | 1,541,663 | 5,851,708 |
| Debt impairment | 28,147,172 | - |
| Movements in retirement benefit assets and liabilities | 4,521,786 | 66,816,846 |
| Movements in provisions | 4,686,280 | (37,936,475) |
| **Changes in working capital:** | | |
| Inventories | (287,743) | (7,979,899) |
| Consumer debtors | (17,274,735) | 3,171,174 |
| Other receivables from non-exchange transactions | (10,821,451) | (5,065,253) |
| Prepayments | - | (6,478,144) |
| Payables from Exchange Transactions | 90,539,259 | 113,748,243 |
| VAT | (6,664,834) | (8,181,773) |
| Unspent Conditional Grants and Receipts | (9,488,452) | 5,266,335 |
| Consumer deposits | 419,498 | 100,289 |
| | **45,231,040** | **22,683,868** |

**39. Commitments**

**Authorised capital expenditure**

| | | |
|---|---|---|
| • EDM | 2,868,002 | - |

**Operating leases - as lessee (expense)**

| | | |
|---|---|---|
| **Minimum lease payments due** | | |
| Within 1 Year | 1,784,919 | 2,052,657 |
| In the second to fifth year inclusive | 7,590,345 | 5,537,688 |
| | **9,375,264** | **7,590,345** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|---|---|---|

**40. Contingencies**

| | |
|---|---|
| Thaba Chweu VS Eben Botha | 825,000 |
| Thaba Chweu VS Hendrik Johannes Samuels | 580,000 |
| Thaba Chweu VS Mabatane Civils | 5,489,106 |
| Thaba Chweu VS Famous Idea Trading | 941,298 |
| Thaba Chweu VS Grinpal Energy Solution | 882,935 |
| Thaba Chweu VS Straight line trading | 12,127 |
| Thaba Chweu VS SALA Pension Fund | 164,988 |
| Thaba Chweu VS Lesibana Ralibibi | 446,638 |
| Thaba Chweu VS GF Brunette | 550,000 |
| Thaba Chweu VS The phone book company | 40,972 |
| Thaba Chweu VS Tweslopele Funeral Services | 13,500 |
| Thaba Chweu VS Eco Mare Consortium | 2,568,269 |
| Thaba Chweu VS Imvula Roads and Civils | 631,896 |
| Thaba Chweu VS Grinpal Energy Management | 882,935 |
| Thaba Chweu VS BS Koma | 214,000 |
| Thaba Chweu VS CW Bond | 480,000 |
| Thaba Chweu VS Afrisat | 2 150 000 |
| Total | 16 873 664 |

# Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|---|---|---|

**41. Prior Period Errors**

The correction of the error(s) results in adjustments as follows:

## Notes to the Annual Financial Statements

Figures in Rand 2014 2013

| Category | 30 June 2012 Restated | Adjustments | Audited | | Reason |
|---|---|---|---|---|---|
| Current Assets | | | | | |
| Inventories | 3,512,942 | 9,049,159 | 12,562,101 | - | - |
| Other receivables from exchange transactions | 79,637,024 | - | 18,596,432 | - | Adjustments as per age analysis |
| Other receivables from non-exchange transactions | 21,731,342 | - | - | - | Reclassificatio n error |
| Vat receivable | 2,915,245 | (7,106,134) | 10,021,379 | - | Adjustments as per SARS statements |
| Other financial assets | - | 24,388,961 | 24,388,961 | - | Correction of the opening balance against the AD |
| Cash and cash equivalents | 1,142,080 | (1,220,750) | 2,362,829 | - | Mapped with the bank items |
| | 108,938,632 | (1,220,750) | 67,931,702 | - | - |
| Non Current Assets | | | | | |
| Property,plant and equipment | 897,719,136 | 100,467,768 | 998,186,904 | - | Reclassificatio n of investment property, reclassified items from investment |
| Investment property | 369,091,634 | - | - | - | Reclassified investment property |
| Long term investments | 1,245,685 | 188,618 | 1,057,067 | - | Recognition of initial investment and the charges |
| Long term investments | 8,917,688 | 613,486 | 8,304,202 | - | Correction of errors in the prior year |
| Long term investments | 1,057,067 | - | - | 8,345,311 | 9402378 |
| Total Assets | 1,276,974,143 | - | 1,075,479,875 | - | - |
| Current liabilities | | | | | |
| Trade and other payables from exchange transactions | (254,774,768) | 5,889,716 | (260,664,484) | - | Correction of incorrectly processed journals to the creditors vote. Retentions and unidentified deposits |
| Consumer deposits | (3,889,659) | - | (3,889,659) | - | (3,889,659) |
| Conditional grants and receipts | (12,356,454) | (5,688,646) | (6,667,808) | - | Correct recognition of revenue as per the register, correct the liability vote. This includes the 9700 MIG expenditure vote |

| Figures in Rand | | | | 2014 | 2013 | |
|---|---|---|---|---|---|---|
| Provisions | (13,916,080) | (10,723,469) | (24,639,549) | - | Reclassificatio n of past retirement benefit | |
| Bank overdraft | (167,729) | (167,729) | - | - | Correct recognition of an overdrawn account that's disclosed in cash and cash equivalents | |
| Current portion of long term loan | (575,190) | (67,695) | (507,495) | - | - | |
| Defined obligation | (21,333,959) | - | - | - | - | |
| Non current liabilities | | | | | | |
| Long term liability | (8,599,791) | - | - | (507,495) | (9,107,286) | |
| Defined benefit obligations | - | - | - | (22,540,161) | (22,540,161) | |
| Current liabilities | (307,013,840) | (10,757,823) | (296,368,995) | - | - | |
| Long term liability | (8,599,791) | - | (8,599,791) | - | - | |
| Total liabilities | (315,613,631) | - | (304,968,786) | - | - | |
| Donations and public contributions | - | - | - | - | - | |
| Property rates | 38,105,872 | 7,812,410 | 30,293,463 | - | | |
| Service Charges | 139,692,068 | (720,394) | 138,971,674 | - | Reclassificatio n errors | |
| Rental of facilities and equipment | 489,546 | - | 489,546 | - | - | |
| Income from agency services | 19,380,439 | 10,255,540 | 9,124,899 | - | Reclassificatio n errors | |
| Government grants and subsidies | 102,472,869 | 13,518,179 | 116,991,048 | - | Incorrect recognition of grants revenue | |
| Other income | 12,344,042 | 9,763,468 | 2,580,574 | - | An additional income from vat | |
| Fines | 1,034,825 | 62,343 | 1,097,168 | - | Difference between caseware and sebata | |
| Fees earned | - | - | 188 | - | Reclassificatio n to other income | |
| Interest on investments | 650,094 | 2,623,373 | 3,273,467 | - | Reclassificatio n of rate penalties | |
| Total Income | 315,169,755 | - | 302,822,027 | - | - | |
| Employee related costs | (106,967,181) | (9,491,160) | (97,476,021) | - | Leave provisions journals prosessed against leave paid | |
| Remuneration of councillors | (7,226,485) | (50,435) | (7,176,050) | - | Difference between caseware and sebata/classific ation error. | |
| Depreciation and armotisation | (44,729,070) | (541,897) | (44,187,173) | - | Adjustments on land file sites | |

| Figures in Rand | | | | 2014 | 2013 |
|---|---|---|---|---|---|
| Finance costs | (12,129,175) | - | (12,129,175) | - | Adjustment on vat vote/interest on overdue account. |
| Repairs and maintenance | (20,610,011) | (43,930) | (20,653,941) | - | Difference between caseware and sebata |
| Bulk purchases | (109,214,732) | - | (109,214,732) | - | - |
| Contracted services | (74,330,645) | (17,781,637) | (50,549,008) | - | Difference between caseware and sebata |
| Other expenses | (85,507,302) | (166,594,998) | (68,848,204) | - | Charges on investments ommitted/grants and subsidies paid reclassified to general expediture. |
| Total expenditure | (460,714,602) | - | (461,234,304) | - | - |
| Loss on sale of assets | 17,544 | - | (9,216,000) | 9,233,544 | 17,544 |
| Surplus(deficit for the year) | (145,527,303) | - | (122,628,277) | - | - |
| | **1,388,447,074** | **(47,544,426)** | **914,916,054** | **(5,468,801)** | **(26,117,183)** |

**42. Risk Management**

**Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

**43. Events after the reporting date**

Disclose for each material category of non-adjusting events after the reporting date:

- nature of the event.
- estimation of its financial effect or a statement that such an estimation cannot be made.

## Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|---|---|---|

### 44. Fruitless and Wasteful Expenditure

| | | |
|---|---|---|
| Opening Balance | 1,522,701 | - |
| Add: Fruitless & Wasteful Expenditure Current | 10,109,298 | 1,522,701 |
| **Awaiting Council Condonment** | **11,631,999** | **1,522,701** |

### 45. Irregular Expenditure

| | | |
|---|---|---|
| Opening balance | 17,476,082 | - |
| Add: Irregular Expenditure - Current Year | 23,124,143 | 17,467,082 |
| **Awaiting Council Condonment** | **40,600,225** | **17,467,082** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|---|---|---|

# Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|---|---|---|

## Appendix A
March 2014

### Schedule of external loans as at 31 March 2014

| Loan Number | Redeemable | Balance at 30 June 2013 | Received during the period | Redeemed written off during the period | Balance at 30 June 2014 | Carrying Value of Property, Plant & Equip | Other Costs in accordance with the MFMA |
|---|---|---|---|---|---|---|---|
| | | Rand | Rand | Rand | Rand | Rand | Rand |
| **Long term loan** | | | | | | | |
| | | 8,599,791 | (8,599,791) | - | - | - | - |
| | | **8,599,791** | **(8,599,791)** | **-** | **-** | **-** | **-** |
| **Total external loans** | | | | | | | |
| Long term loan | | 8,599,791 | (8,599,791) | - | - | - | - |
| | | **8,599,791** | **(8,599,791)** | **-** | **-** | **-** | **-** |

# Appendix B

March 2014

## Analysis of property, plant and equipment as at 30 June 2014

### Cost/Revaluation

### Accumulated depreciation

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Land and buildings** | | | | | | | | | | | | | | |
| Land (Separate for AFS purposes) | 6,595,440 | - | - | - | - | **-** | **6,595,440** | - | - | - | - | - | **-** | 6,595,440 |
| Landfill Sites (Separate for AFS pursoses) | - | - | - | - | - | **-** | **-** | - | - | - | - | - | **-** | - |
| Quarries (Separate for AFS purposes) | - | - | - | - | - | **-** | **-** | - | - | - | - | - | **-** | - |
| Buildings (Separate for AFS purposes) | 20,908,840 | - | - | - | - | **-** | **20,908,840** | (6,117,167) | - | - | (706,361) | - | **(6,823,528)** | 14,085,310 |
| | **27,504,280** | **-** | **-** | **-** | **-** | **-** | **27,504,280** | **(6,117,167)** | **-** | **-** | **(706,361)** | **-** | **(6,823,528)** | **20,680,750** |
| **Infrastructure** | | | | | | | | | | | | | | |
| High voltage | 3,852,900 | - | - | - | - | **-** | **3,852,900** | (1,035,752) | - | - | (86,630) | - | **(1,122,382)** | 2,730,518 |
| Low voltage | 40,363,533 | - | - | - | - | **-** | **40,363,533** | (12,216,872) | - | - | (1,603,757) | - | **(13,820,629)** | 26,542,904 |
| Medium voltage | 108,115,470 | - | - | - | - | **-** | **108,115,470** | (32,185,083) | - | - | (5,735,485) | - | **(37,920,568)** | 70,194,895 |
| Electrical service connections | 72,756,790 | - | - | - | - | **-** | **72,756,790** | (20,442,291) | - | - | (2,425,104) | - | **(22,867,395)** | 49,889,394 |
| Public lighting | 18,311,370 | - | - | - | - | **-** | **18,311,370** | (5,526,270) | - | - | (678,820) | - | **(6,205,090)** | 12,106,280 |
| Paved roads | 229,030,344 | - | - | - | - | **-** | **229,030,344** | (76,216,000) | - | - | (6,377,278) | - | **(82,593,278)** | 146,437,066 |
| Unpaved roads | 116,317,596 | - | - | - | - | **-** | **116,317,596** | (26,577,060) | - | - | (3,237,608) | - | **(29,814,668)** | 86,502,928 |
| Traffic management | 2,049,556 | - | - | - | - | **-** | **2,049,556** | (529,328) | - | - | (136,500) | - | **(665,828)** | 1,383,728 |
| Sewerage connection | 2,961,368 | - | - | - | - | **-** | **2,961,368** | (855,981) | - | - | (95,049) | - | **(951,030)** | 2,010,338 |
| Sewarage distribution | 23,885,237 | - | - | - | - | **-** | **23,885,237** | (5,940,052) | - | - | (597,107) | - | **(6,537,159)** | 17,348,078 |
| Waste water treatment works | 3,071,385 | - | - | - | - | **-** | **3,071,385** | (650,055) | - | - | (102,376) | - | **(752,431)** | 2,318,954 |
| Water connections | 55,559,072 | - | - | - | - | **-** | **55,559,072** | (16,211,903) | - | - | (1,855,587) | - | **(18,067,490)** | 37,491,582 |
| pump station | 2,179,580 | - | - | - | - | **-** | **2,179,580** | (861,166) | - | - | (187,983) | - | **(1,049,149)** | 1,130,431 |
| water reticulation | 39,339,231 | - | - | - | - | **-** | **39,339,231** | (10,521,717) | - | - | (993,554) | - | **(11,515,271)** | 27,823,960 |
| Water treatment works | 2,052,390 | - | - | - | - | **-** | **2,052,390** | (670,089) | - | - | (104,162) | - | **(774,251)** | 1,278,139 |
| Storage | 18,706,410 | - | - | - | - | **-** | **18,706,410** | (16,171,015) | - | - | (562,030) | - | **(16,733,045)** | 1,973,365 |
| | **738,552,232** | **-** | **-** | **-** | **-** | **-** | **738,552,232** | **(226,610,634)** | **-** | **-** | **(24,779,030)** | **-** | **(251,389,664)** | **487,162,560** |
| **Community Assets** | | | | | | | | | | | | | | |
| Community halls | 70,511,826 | - | - | - | - | **7,750,647** | **78,262,473** | (3,071,658) | - | - | (783,421) | (736,311) | **(4,591,390)** | 77,526,161 |
| Air fields | 494,462 | - | - | - | - | **-** | **494,462** | (121,326) | - | - | (15,014) | - | **(136,340)** | 494,462 |
| Cemetaries | 6,869,152 | - | - | - | - | **16,078,357** | **22,947,509** | (109,206) | - | - | (51,548) | (803,913) | **(964,667)** | 22,143,591 |
| Clinics | 4,155,275 | - | - | - | - | **-** | **4,155,275** | (839,878) | - | - | (103,170) | - | **(943,048)** | 4,155,275 |
| Libraries | 4,857,454 | - | - | - | - | **-** | **4,857,454** | (666,198) | - | - | (112,482) | - | **(778,680)** | 4,857,454 |
| Landfields | 5,126,699 | - | - | - | - | **-** | **5,126,699** | (1,059,860) | - | - | (359,275) | - | **(1,419,135)** | 5,126,699 |
| Parks | 1,461,195 | - | - | - | - | **-** | **1,461,195** | (2,901) | - | - | (331) | - | **(3,232)** | 1,461,195 |
| Recreational halls | 3,765,947 | - | - | - | - | **-** | **3,765,947** | (927,573) | - | - | (106,008) | - | **(1,033,581)** | 3,765,947 |
| Sports centres | 15,346,028 | - | - | - | - | **-** | **15,346,028** | (264,361) | - | - | (31,642) | - | **(296,003)** | 15,346,028 |
| Taxi ranks and buss terminals | 657,821 | - | - | - | - | **-** | **657,821** | (118,709) | - | - | (21,464) | - | **(140,173)** | 657,821 |
| | - | - | - | - | - | **-** | **-** | - | - | - | - | - | **-** | - |
| Source | 101,593,009 | - | - | - | - | **-** | **101,593,009** | (3,134,042) | - | - | - | - | **(3,134,042)** | 96,046,043 |
| Storm water | 111,383,258 | - | - | - | - | **-** | **111,383,258** | (25,005,734) | - | - | - | - | **(25,005,734)** | 84,478,249 |
| Asset under construction | 24,810,699 | 59,266,844 | - | - | - | **(23,829,004)** | **60,248,539** | - | - | - | - | - | **-** | 60,248,539 |
| | **351,032,825** | **59,266,844** | **-** | **-** | **-** | **-** | **410,299,669** | **(35,321,446)** | **-** | **-** | **(1,584,355)** | **(1,540,224)** | **(38,446,025)** | **376,307,464** |

# Appendix B

March 2014

## Analysis of property, plant and equipment as at 30 June 2014

### Cost/Revaluation

### Accumulated depreciation

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Heritage assets** | | | | | | | | | | | | | | |
| M | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Heritage assets** | | | | | | | | | | | | | | |
| Museums | 435,199 | - | - | - | - | - | **435,199** | - | - | - | - | - | - | 435,199 |
| Historical buildings | 2,085,312 | - | - | - | - | - | **2,085,312** | - | - | - | - | - | - | 2,085,312 |
| Paintings and artifacts | 61,684 | - | - | - | - | - | **61,684** | (1,433) | - | - | - | - | **(1,433)** | 61,684 |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **2,582,195** | - | - | - | - | - | 2,582,195 | **(1,433)** | - | - | - | - | **(1,433)** | **2,582,195** |
| **Other assets** | | | | | | | | | | | | | | |
| Office equipment | 1,767,278 | 31,750 | - | - | - | - | **1,799,028** | (377,819) | - | - | (173,016) | - | **(550,835)** | (268,501) |
| Furniture and equipment | 4,813,844 | 161,247 | - | - | - | - | **4,975,091** | (770,862) | - | - | (501,722) | - | **(1,272,584)** | 2,745,474 |
| Plant and equipment | 1,355,861 | - | - | - | - | - | **1,355,861** | (319,918) | - | - | (286,148) | - | **(606,066)** | 749,795 |
| Motor vehicle | 5,022,851 | - | - | - | - | - | **5,022,851** | (1,887,576) | - | - | (504,787) | - | **(2,392,363)** | 2,630,488 |
| Computer equipment | 2,645,491 | 113,565 | - | - | - | - | **2,759,056** | (453,357) | - | - | (180,757) | - | **(634,114)** | 2,124,942 |
| Computer software (Part of computer equipment) | 304,430 | - | - | - | - | - | **304,430** | (209,100) | - | - | (49,613) | - | **(258,713)** | 45,717 |
| Office Equipment - Leased | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Abattoirs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Markets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airports | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Security measures | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Civic land and buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other land | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bins and Containers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Work in progress | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets - Leased | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing development | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **15,909,755** | **306,562** | - | - | - | - | 16,216,317 | **(4,018,632)** | - | - | **(1,696,043)** | - | **(5,714,675)** | **8,027,915** |

# Appendix B

March 2014

## Analysis of property, plant and equipment as at 30 June 2014

### Cost/Revaluation

### Accumulated depreciation

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total property plant and equipment** | | | | | | | | | | | | | | |
| Land and buildings | 27,504,280 | - | - | - | - | - | **27,504,280** | (6,117,167) | - | - | (706,361) | - | **(6,823,528)** | 20,680,750 |
| Infrastructure | 738,552,232 | - | - | - | - | - | **738,552,232** | (226,610,634) | - | - | (24,779,030) | - | **(251,389,664)** | 487,162,560 |
| Community Assets | 351,032,825 | 59,266,844 | - | - | - | - | **410,299,669** | (35,321,446) | - | - | (1,584,355) | (1,540,224) | **(38,446,025)** | 376,307,464 |
| Heritage assets | - | - | - | - | - | - | **-** | - | - | - | - | - | **-** | - |
| Heritage assets | 2,582,195 | - | - | - | - | - | **2,582,195** | (1,433) | - | - | - | - | **(1,433)** | 2,582,195 |
| Other assets | 15,909,755 | 306,562 | - | - | - | - | **16,216,317** | (4,018,632) | - | - | (1,696,043) | - | **(5,714,675)** | 8,027,915 |
| | **1,135,581,287** | **59,573,406** | **-** | **-** | **-** | **-** | **1,195,154,693** | **(272,069,312)** | **-** | **-** | **(28,765,789)** | **(1,540,224)** | **(302,375,325)** | **894,760,884** |
| **Agricultural/Biological assets** | | | | | | | | | | | | | | |
| Agricultural | - | - | - | - | - | - | **-** | - | - | - | - | - | **-** | - |
| Biological assets | - | - | - | - | - | - | **-** | - | - | - | - | - | **-** | - |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Intangible assets** | | | | | | | | | | | | | | |
| Computers - software & programming | - | - | - | - | - | - | **-** | - | - | - | - | - | **-** | - |
| Other | - | - | - | - | - | - | **-** | - | - | - | - | - | **-** | - |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Investment properties** | | | | | | | | | | | | | | |
| Investment property | - | - | - | - | - | - | **-** | - | - | - | - | - | **-** | - |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | | | | | | | | | | | | | | |
| Land and buildings | 27,504,280 | - | - | - | - | - | **27,504,280** | (6,117,167) | - | - | (706,361) | - | **(6,823,528)** | 20,680,750 |
| Infrastructure | 738,552,232 | - | - | - | - | - | **738,552,232** | (226,610,634) | - | - | (24,779,030) | - | **(251,389,664)** | 487,162,560 |
| Community Assets | 351,032,825 | 59,266,844 | - | - | - | - | **410,299,669** | (35,321,446) | - | - | (1,584,355) | (1,540,224) | **(38,446,025)** | 376,307,464 |
| Heritage assets | - | - | - | - | - | - | **-** | - | - | - | - | - | **-** | - |
| Heritage assets | 2,582,195 | - | - | - | - | - | **2,582,195** | (1,433) | - | - | - | - | **(1,433)** | 2,582,195 |
| Other assets | 15,909,755 | 306,562 | - | - | - | - | **16,216,317** | (4,018,632) | - | - | (1,696,043) | - | **(5,714,675)** | 8,027,915 |
| Agricultural/Biological assets | - | - | - | - | - | - | **-** | - | - | - | - | - | **-** | - |
| Intangible assets | - | - | - | - | - | - | **-** | - | - | - | - | - | **-** | - |
| Investment properties | - | - | - | - | - | - | **-** | - | - | - | - | - | **-** | - |
| | **1,135,581,287** | **59,573,406** | **-** | **-** | **-** | **-** | **1,195,154,693** | **(272,069,312)** | **-** | **-** | **(28,765,789)** | **(1,540,224)** | **(302,375,325)** | **894,760,884** |

# Appendix B

## Analysis of property, plant and equipment as at 30 June 2014

| | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
| **Land and buildings** | | | | | | | | | | | | | | |
| Land (Separate for AFS purposes) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Landfill Sites (Separate for AFS pursoses) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Quarries (Separate for AFS purposes) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buildings (Separate for AFS purposes) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Infrastructure** | | | | | | | | | | | | | | |
| Roads, Pavements & Bridges | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Storm water | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Generation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transmission & Reticulation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Street lighting | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dams & Reservoirs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Water purification | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reticulation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reticulation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sewerage purification | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste Management | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gas | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other (fibre optic, WIFI infrastructur) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Community Assets** | | | | | | | | | | | | | | |
| Parks & gardens | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sportsfields and stadium | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Swimming pools | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Community halls | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Libraries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreational facilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Clinics | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Museums & art galleries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Social rental housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cemeteries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fire, safety & emergency | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Security and policing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

# Appendix B

March 2014

## Analysis of property, plant and equipment as at 30 June 2014

### Cost/Revaluation

### Accumulated depreciation

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Heritage assets** | | | | | | | | | | | | | | |
| Buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Specialised vehicles** | | | | | | | | | | | | | | |
| Refuse | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fire | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Conservancy | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ambulances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Other assets** | | | | | | | | | | | | | | |
| General vehicles | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Plant & equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Computer Software (part of computer equipment) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Furniture & Fittings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Office Equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Office Equipment - Leased | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Abattoirs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Markets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airports | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Security measures | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Civic land and buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other land | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bins and Containers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Work in progress | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets - Leased | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing development | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

# Appendix B

March 2014

## Analysis of property, plant and equipment as at 30 June 2014

| | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
| **Total property plant and equipment** | | | | | | | | | | | | | | |
| Land and buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Community Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Heritage assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Agricultural/Biological assets** | | | | | | | | | | | | | | |
| Agricultural | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Intangible assets** | | | | | | | | | | | | | | |
| Computers - software & programming | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Investment properties** | | | | | | | | | | | | | | |
| Investment property | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | | | | | | | | | | | | | | |
| Land and buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Community Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Heritage assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Agricultural/Biological assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Intangible assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

## Appendix E(1)
March 2014

# Actual versus Budget(Revenue and Expenditure) for the year ended 31 March 2014

| | Current year 2013 Act. Bal. Rand | Current year 2013 Adjusted budget Rand | Variance Rand | Var | Explanation of Significant Variances greater than 10% versus Budget |
|---|---|---|---|---|---|
| Revenue | | | | | |
| Service charges | 158,071,849 | 138,805,083 | 19,266,766 | 13.9 | |
| Rental of facilities and equipment | 2,208,802 | 1,899,630 | 309,172 | 16.3 | |
| Income from agency services | 26,491,672 | 17,363,547 | 9,128,125 | 52.6 | |
| Miscellaneous other revenue | - | - | - | - | |
| Other income - (rollup) | 7,582,159 | 6,065,379 | 1,516,780 | 25.0 | |
| Interest received - investment | 1,111,928 | 146,007 | 965,921 | 661.6 | |
| | 195,466,410 | 164,279,646 | 31,186,764 | 19.0 | |
| Expenses | | | | | |
| Personnel | (109,417,841) | (71,019,837) | (38,398,004) | 54.1 | |
| Remuneration of councillors | (7,428,187) | (5,722,677) | (1,705,510) | 29.8 | |
| Depreciation | (1,497,296) | - | (1,497,296) | - | |
| Amortisation | (49,613) | - | (49,613) | - | |
| Impairments | (1,541,663) | - | (1,541,663) | - | |
| Finance costs | (23,681,158) | (188,874) | (23,492,284) | 438.1 | |
| Debt impairment | (28,147,172) | (9,659,925) | (18,487,247) | 191.4 | |
| Repairs and maintenance - General | (9,773,196) | (11,663,181) | 1,889,985 | (16.2) | |
| Bulk purchases | (115,401,687) | (119,520,000) | 4,118,313 | (3.4) | |
| Contracted Services | (47,825,516) | (21,253,950) | (26,571,566) | 125.0 | |
| General Expenses | (60,821,427) | (35,536,059) | (25,285,368) | 71.2 | |
| | (405,584,756) | (274,564,503) | (131,020,253) | 47.7 | |
| Other revenue and costs | | | | | |
| Fair value adjustments | 147,470,477 | - | 147,470,477 | - | |
| | 147,470,477 | - | 147,470,477 | - | |
| Net surplus/ (deficit) for the year | (62,647,869) | (110,284,857) | 47,636,988 | (43.2) | |

(Registration number MP321)
**Appendix F**
**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**
Yrly Per.
March 2014

| Name of Grants | Name of organ of state or municipal entity | Quarterly Receipts | | | | Quarterly Expenditure | | | | Grants and Subsidies delayed / withheld | Reas delay/w ng of |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jul | Oct | Jan | Apr | Jul | Oct | Jan | Apr | Jun | |
| FMG | National Treasury | 50,000 | - | - | - | 788,187 | 150,000 | - | 479,961 | - | |
| MSIG | National Treasury | 90,000 | - | - | - | - | 26,347 | 417,824 | 84,308 | - | |
| MIG | National Treasury | 00,000 | 0,500,000 | 23,549,000 | - | 159,210 | 5,296,410 | 16,863,034 | 0,517,415 | 23,075,966 | |
| INEP | National Treasury | 50,000 | 1,350,000 | - | - | 808,862 | - | 679,474 | 540,687 | - | |
| EPWP | National Treasury | 00,000 | 300,000 | 300,000 | - | - | 290,708 | 282,827 | 436,907 | - | |
| MWIG | Department of Water Affairs | 68,000 | 7,171,000 | 4,302,000 | - | - | - | 260,529 | 1,212,470 | - | |
| WSOS | National Treasury | - | 2,100,000 | 900,000 | - | - | - | 1,866,310 | 1,197,114 | - | |
| | | 58,000 | 1,421,000 | 29,051,000 | - | 1,756,259 | 5,763,465 | 20,369,998 | 4,468,862 | 23,075,966 | |

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.